

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
SUPPLEMENTARY CORPORATION FILE

1853

1953

Centennial Report



**THE
BAKER-
RAULANG
COMPANY**



THE BAKER-RAULANG COMPANY

DIRECTORS

WILLIAM A. BAUER, *Chairman and President, The Baker-Raulang Co.*

A. DOUGLASS HALL
Financial Vice President
The Diamond Match Company

WESLEY A. STANGER, JR.
Partner
Riter & Company

WILLIAM S. KIES, JR.
Partner
W. S. Kies & Co.

CHARLES N. SUMWALT
Executive Vice President
The Baker-Raulang Company

LeGRAND H. LULL
Owner
Lull Engineering Company

FRED R. WHITE, JR.
Vice President
Oglebay Norton & Company

GEORGE MILLER

JAMES W. MORAN

OFFICERS

WILLIAM A. BAUER *President*
CHARLES N. SUMWALT *Executive Vice President*
JOHN A. MATOUSEK *Vice President and General Manager*
GERALD B. DAVIS *Vice President*
EDWARD H. REMDE *Vice President*
EDWIN W. SANKEY *Vice President*
ERNEST J. SCOVIL *Secretary-Treasurer*
GEORGE A. BAKER *Assistant Secretary and Assistant Treasurer*

GENERAL COUNSEL

MILLER, DAVIS & FOLK • Cleveland, Ohio

AUDITORS

ERNST & ERNST • Cleveland, Ohio

TRANSFER AGENTS

UNITED STATES TRUST COMPANY OF NEW YORK
CLEVELAND TRUST COMPANY, CLEVELAND, OHIO

OFFICERS AND DIRECTORS

THE BAKER-LULL CORPORATION

DIRECTORS

WILLIAM A. BAUER, *Chairman*

G. B. DAVIS *Vice President, The Baker-Raulang Company*
LeGRAND H. LULL *Owner, Lull Engineering Company*
JOHN A. MATOUSEK, *Vice President and General Manager, The Baker-Raulang Co.*
EDWIN W. SANKEY *Vice President, The Baker-Raulang Company*
ADELBERT C. SMITH, JR. *Law Offices of A. C. Smith, Jr.*
GILBERT C. STREGE *President, Baker-Lull Corporation*
CHARLES N. SUMWALT, JR. *Vice President, The Baker-Raulang Company*

OFFICERS

GILBERT C. STREGE *President and Treasurer*
DALE C. McKEE *Vice President*
RICHARD T. TIEBOUT *Vice President*
ERNEST J. SCOVIL *Secretary*
LLOYD PENNINGTON *Assistant Secretary*
LEONARD MARNIE *Assistant Treasurer*

BAKER

FACTS

AT A GLANCE

Demands for industrial trucks with attachments to pick up loads not suitable for palletization are becoming increasingly common. This hydraulic drum-dumper is typical of the attachments that have earned Baker the title of "leader in hands-off handling."

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Baker-Raulang Consolidated

Net Sales	\$8,851,955.00	\$12,050,572.00	\$8,157,560.00	\$6,179,839.00
Taxes	7,300.00	7,300.00	590,461.00	523,354.00
Net Profit	424,088.00	95,980.00	372,125.00	362,288.00
Unfilled Orders (December 31)	5,101,000.00	8,382,000.00	4,790,999.00	2,641,676.00
Earnings (Per Common Share)	1.71	0.30	1.93	1.87
Dividends (Per Common Share)	A	A	B	.60
Net Working Capital	2,764,768.00	3,679,192.00	3,155,705.00	3,113,878.00
Long Term Debt Outstanding	1,400,000.00	2,394,100.00	1,500,000.00	1,200,000.00
Preferred Stock Outstanding .	557,700.00	557,700.00	557,700.00	594,300.00
Net Worth	\$4,834,396.00	4,506,288.00	4,445,069.00	3,577,231.00

*A—Stock Dividend 5%
Stock Dividend 2½%*

B—Two 5% Stock Dividends Paid



REPORT TO THE STOCKHOLDERS

September 16, 1953, marked the one-hundredth anniversary of the Baker-Raulang Company. An open house was held at the Cleveland plant on that day and more than 600 friends of the company and their families helped us celebrate this historic occasion. The large attendance was evidence of the part Baker-Raulang has played and is playing in the growth of the material handling industry.

Sales of Baker-Raulang, the parent company, for the year ended December 31, 1953 amounted to \$8,896,279. Net profit after taxes, including a carry back tax credit of \$78,000, amounted to \$422,000 which, after preferred dividends of \$27,885 equalled \$1.71 per share on the 230,452 common shares outstanding as of December 31, 1953. This compares with sales of \$8,157,560 for the year ended December 31, 1952 and net profit of \$372,125 equal, after preferred dividends of \$27,885 to \$1.93 per share on 178,177 shares outstanding on December 31, 1952. The results for 1953 are after an inventory write-down of \$113,289.

Sales of The Baker-Lull Corporation, the wholly-owned subsidiary of The Baker-Raulang Company, for the year ended December 31, 1953 amounted to \$3,202,641. After substantial write-downs on inventory a loss of \$328,000 was reported. 1953 marked the first full year of operation of The Baker-Lull Corporation and the substantial inventory and equipment write-downs mentioned above allow this subsidiary to start 1954 with no further write-downs of any substantial nature in view.

On a consolidated basis, total sales equalled \$12,098,920 and net profit, after taxes of \$10,000, amounted to \$97,000 which, after payment of \$27,885 of preferred divi-

One of the many popular attachments manufactured at Baker-Lull for leading industrial tractors is this hydraulic powered broom for sweeping snow and dirt.



Long popular with railroads for locomotive maintenance, Baker electric cranes are now used in a wide variety of industries for maintenance jobs. Here, a crane places an entire after-burner section in a jet fighter aircraft.



dends, amounted to 30 cents per share on common shares outstanding as of December 31, 1953. By filing the federal income tax return on a consolidated basis, income tax liability for 1953 was at a minimum.

Consolidated sales, as reported, represent a record high in dollar volume as well as the number of units manufactured and shipped. Pre-tax earnings for the year were adversely affected by increased cost of labor and material as well as abnormally high engineering and merchandising costs. During 1953, over \$600,000 was expended for engineering, the building of experimental and pilot models and for tooling expense on new products.

As of December 31, 1953 the combined companies had \$3,679,192 of net working capital. In order to finance large military contracts, a "V" loan credit of \$1,500,000 was arranged for Baker-Raulang in December of 1953. Baker-Lull similarly arranged a "V" loan credit of \$1,100,000 in June of 1953. As of December 31, 1953, Baker-Raulang was utilizing \$700,000 of its "V" credit and Baker-Lull \$424,354. During the year Baker-Raulang made advances totaling \$650,000 to Baker-Lull to supply the subsidiary with working capital adequate to carry on their rapidly expanding business.

The company's policy of paying dividends in stock appears likely to continue in view of the continued need for additional working capital. The retention of cash should ensure growth in earnings for the stockholders during the years ahead.

Mr. James W. Moran who served as the company's president and treasurer since 1948 retired from both offices effective December 31, 1953. In recognition of 42 years of loyal and devoted service, he received special pension provisions. The board of directors and the officers of the company joined with the employees and stockholders in expressing their sincere gratitude to Mr. Moran for his many years of untiring effort.

Effective January 1, 1954, the board of directors elected William A. Bauer as president of the company. He is also chairman of the Board. Effective October 27, 1953, Ernest J. Scovil was elected treasurer. He is also secretary of the company.

Other executive changes during the year saw Charles N. Sumwalt, Jr., elected executive vice-president and John A. Matousek elected vice-president and general manager of the parent company.

Further significant developments during the year are treated in later sections and when you have read them I am sure you will feel that the future holds considerable promise for the company. Your management will make every effort to capitalize on this opportunity.

William A. Bauer

WILLIAM A. BAUER
President and Chairman of the Board

ACTIVITIES AT

BAKER • RAULANG

Baker electric fork trucks permit this large southern chain store warehouse to receive and ship over 500 tons of merchandise per day. Good maneuverability of the truck and its high lift save aisle and overhead space.

The management concentrated during the year on enlarging sales and service outlets, developing new and improved products, and increasing advertising support. Five additional dealers were added, making a total of 45. In many cases the dealers, in cooperation with our expanded sales program, added salesmen to their organizations and improved physical facilities.

During 1953 Baker-Raulang introduced a new 4,000-pound electric transmission fork truck, the "Gas-O-Matic". This new type of gasoline powered vehicle meets industrial demands for an automatic type transmission. Extensive field testing has proven that this vehicle has 40% lower operating costs than standard gas trucks and should give a 50% longer life to its user due to the incorporation of the economical features of the electric truck. Other Gas-O-Matic units of enlarged capacities have been designed by the engineering department and should be in production this year.

Two new electric trucks of capacities under 2,000 pounds were developed during 1953. These units were designed for uses that require maximum maneuverability due to limited operating areas. Redesign of the low-lift and high-lift platform trucks was also completed.

The Company was awarded in October a \$3,500,000 contract for the U. S. Air Force for a newly developed 4,000-pound standard gas fork truck. Another contract has been received for a gas-powered burden carrier and a 2,000-pound tow tractor. It was decided by the management that the Yardloader, the new economy-priced, pneumatic-tired gas truck and the side loading truck known as the Traveloader, both manufactured at Baker-Lull, would be sold by the Baker-Raulang sales organization. The Yardloader is priced considerably under competitive models.

A nationwide advertising campaign, that won several national awards for effectiveness and attracted considerable favorable comment from our dealers, is supporting the sale of the complete Baker line.



ACTIVITIES AT

BAKER • LULL

This Baker-Lull Traveloader permits stacking of long loads of lumber in this Ohio wholesale lumber yard. Note that the truck does not have to turn in the aisle thus conserving considerable floor space.

During 1953 Baker-Lull also carried out extensive design work for new commercial and military vehicles. A new 30,000-pound Traveloader was developed and work is proceeding on 5,000 and 20,000-pound capacity units. Development was started on a 2,000-pound capacity electric powered unit for indoor use.

This subsidiary received a development contract from the Air Force for a new rough terrain fork truck useful in loading new types of cargo planes under all types of ground conditions. Certain divisions of the armed services are interested in other adaptations of the Traveloader in connection with the guided missile program. A production order totaling \$3,200,000 was recently received in this connection.

The bulk of the Baker-Lull commercial sales in the past was comprised of loader attachments for other manufacturers' tractors. Nineteen fifty-three saw the introduction of a complete vehicle known as the Shovel loader, in two models, to the Baker-Lull line. These products have a wide use in the road-building, coal and coke, lumbering, and sand and gravel industries. It has been necessary to set up a new group of exclusive distributors for this equipment although in many cases they had previously handled the Baker-Lull attachments mentioned above.

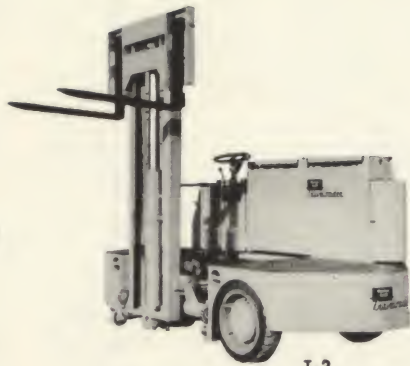
The Company's sales of shovel, blade and sweeper attachments approximated the level of 1952.



A COMPLETE LINE OF **BAKER**



FL-15



T-2



FS-20



FT-30



FT-40



FD-40

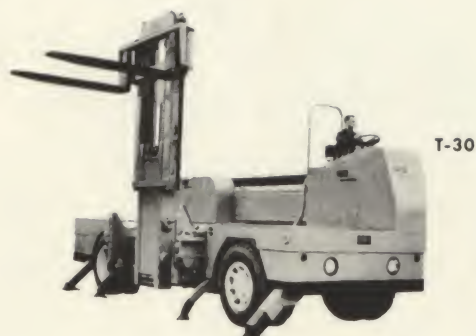
NATIONWIDE
SALES
 AND SERVICE
 FACILITIES

Another attachment manufactured at Baker-Lull for industrial tractors is this dozer blade. Others include front-end loaders, powered brooms, crane hooks and fork lift units.



Shown above are many of the almost 100 sales and service facilities maintained by Baker and Baker-Lull representatives. Others are all over the world.

In 1953 many of them, in response to the added potential of the Baker line of handling equipment moved into new facilities and added to their sales force to better serve our customers and prospects.



SHOVELOADER

COMPLETE MODELS



MODEL 20

$\frac{3}{8}$ YARD



MODEL 40

$\frac{3}{4}$ YARD



MODEL 60

$1\frac{1}{2}$ YARDS



MODEL 100

2 YARDS



LOADER ATTACHMENT



SWEeper ATTACHMENT



BLADE ATTACHMENT

*FUTURE DEVELOPMENT

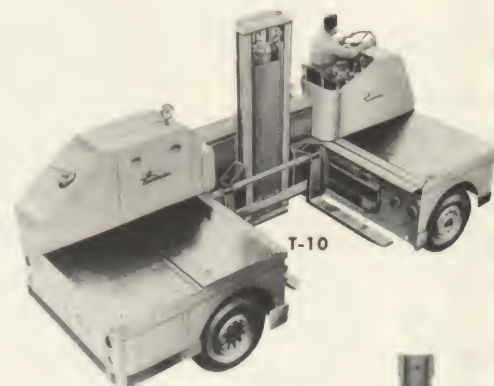
EQUIPMENT FOR EVERY HANDLING JOB



E-3



60-N



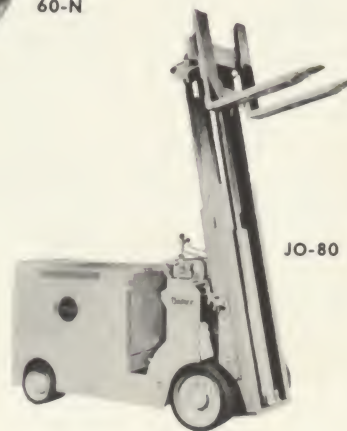
T-10



EY-40



FC-60



JO-80



H-10



BALANCE

NOTES

Note A—Inventories are stated mainly on the basis of physical inventories taken as of June 30, 1953, with adjustments for subsequent transactions to December 31, 1953.

Note B—The agreement relative to these notes includes, among other things, restrictions on borrowings and dividends and requirements for maintenance of working capital, but such provisions restrict a lesser amount of earned surplus than referred to in Note C.

Note C—The bank credit agreements pertaining to such notes provide (upon request of the bank or the guarantor in the case of the parent Company) among other things, for assignment to the banks of all claims for money due or to become due under defense production contracts as collateral security for the notes. At December 31, 1953, accounts receivable (of the subsidiary), in the approximate amount of \$313,000.00, from the U. S. Government had been so assigned. The agreements include covenants by the companies relating to maintenance of working capital and restrictions relating to borrowings, payment of dividends, repurchase of securities issued by the companies, and expenditures for property, plant, and equipment. Under these agreements the Company can not,

ASSETS

CURRENT ASSETS

Cash		\$ 354,974.46
Trade accounts receivable (including \$531,091.37 receivable from the U. S. Government) less allowances of \$16,000.00—Note C		1,321,489.37
Refundable federal taxes on income—estimated		78,000.00
Inventories—at lower of cost (first-in, first-out basis) or market—Note A:		
Finished products	\$ 333,159.12	
Service parts	587,151.69	
Orders in process, sub-assemblies, and raw materials	3,481,870.95	4,402,181.76
Inventory of supplies, prepaid insurance, engineering, etc.		243,285.90
TOTAL CURRENT ASSETS		\$6,399,931.49

OTHER ASSET

Cash on deposit for purchase of preferred shares		4,875.63
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PROPERTY, PLANT, AND EQUIPMENT—on the basis of cost

Land	\$ 225,781.24	
Buildings (\$1,935,749.86), machinery, and equipment	\$4,049,516.53	
Less allowances for depreciation and amortization	1,308,994.02	2,740,522.51
		2,966,303.75

PATENTS—at cost, less amortization		225,170.71
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DEFERRED CHARGE

Long-term debt expenses, less amortization		24,845.82
		<u>\$9,621,127.40</u>

SHEET

THE BAKER-RAULANG COMPANY AND SUBSIDIARY

YEAR ENDED DECEMBER 31, 1953

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES

Notes payable to banks—subject to V-Loan Agreements—Note C	\$1,124,353.64	
Trade accounts and sundry payables	1,222,347.42	
Salaries, wages, and payroll taxes	106,747.90	
Accrued real estate taxes and interest	79,155.26	
Dividend on preferred stock—payable semiannually beginning April 1, 1954	27,885.00	
Federal taxes on income—estimated	7,300.00	
Current portion of long-term debt	152,950.00	
TOTAL CURRENT LIABILITIES	\$2,720,739.22	

LONG-TERM DEBT (amounts due within one year are classified as current liabilities)

Promissory notes—4½%, maturing \$100,000.00 annually 1955 to 1966 and \$200,000.00 in 1967—Note B	\$1,400,000.00	
¾% mortgage notes (secured by mortgage on land, buildings, and certain equipment of subsidiary) \$52,950.00 due annually 1955 to 1966; \$8,700.00 due 1967	644,100.00	
¾% promissory notes of subsidiary, unsecured, due in 1967, 1968, and 1969	350,000.00	2,394,100.00

CAPITAL STOCK AND SURPLUS—Notes B, C, and D

Capital stock:

Preferred stock, \$5.00 cumulative if earned, par value \$100.00 per share, redeemable at \$105.00 per share and accumulated unpaid dividends:		
Authorized 7,500 shares; issued 7,443 shares less 1,866 shares retired	\$ 557,700.00	
Common stock, par value \$1.00 per share:		
Authorized 300,000 shares; issued and outstanding 230,452 shares	\$ 230,452.00	
To be issued March 15, 1954, in connection with stock dividend declared October 27, 1953—5,761 shares (maximum)	5,761.00	236,213.00
		\$ 793,913.00

Surplus:

Capital surplus	\$1,465,038.50	
Earned surplus—since July 1, 1936	2,247,336.68	3,712,375.18
		4,506,288.18
		\$9,621,127.40

See notes to financial statements.

NOTES

except with the consent in writing of the guarantor and the banks, pay cash dividends in excess of \$152,885.00 out of earnings for the year 1954.

Note D—At December 31, 1953, the Company has reserved 39,114 shares of its common stock under the Employees' Share Option Plan and there are in effect options to purchase an aggregate of 12,700 of such shares at prices ranging from \$11.00 to \$15.00 per share.

Note E—The Company has in effect an agreement with UAW-CIO providing for the payment of retirement and disability benefits. The agreement provides for modification or termination of the plan on September 30, 1956. At December 31, 1953, based on the employees to be covered, the estimated annual cost (including provision over a period of twenty-three years for past service costs, which total approximately \$174,000.00) will be approximately \$47,000.00. As of January 1, 1953, the Company established a pension plan for salaried employees not covered by the UAW-CIO agreement and approximately \$21,000.00 was paid to the insurance company administering the plan. At December 31, 1953, the current and past service cost under this plan had not been actuarially determined.

STATEMENT

OF PROFIT AND LOSS AND SURPLUS

THE BAKER-RAULANG COMPANY AND SUBSIDIARY

YEAR ENDED DECEMBER 31, 1953

PROFIT AND LOSS

Net sales	\$12,050,571.76
Other income	97,409.93
	<u>\$12,147,981.69</u>
Less:	
Cost of goods sold	\$ 9,488,081.32
Expenses:	
Selling and service	1,819,673.88
Administrative and general	646,605.67
Interest	160,494.31
	<u>\$12,114,855.18</u>
PROFIT BEFORE FEDERAL TAXES ON INCOME	\$ 33,126.51
Federal taxes on income—estimated:	
Normal tax and surtax	\$ 7,300.00
Adjustment for prior years	7,846.45
	<u>\$ 15,146.45</u>
Less refundable federal taxes on income resulting from carry-back of unused excess profits credit	78,000.00
	<u>\$ 62,853.55*</u>
NET PROFIT	<u>\$ 95,980.06</u>

Allowances for depreciation and amortization of property, plant, and equipment included above amount to \$226,118.45.

*Indicates red figures.

SURPLUS

CAPITAL SURPLUS

Balance at January 1, 1953	\$1,187,928.25
Transfer from earned surplus in connection with stock dividends— amount in excess of par value of shares issued or to be issued	277,110.25
CAPITAL SURPLUS AT DECEMBER 31, 1953	<u>\$1,465,038.50</u>

EARNED SURPLUS (since July 1, 1936)

Appropriated for future possible losses in inventories:	
Balance at January 1, 1953	\$ 112,000.00
Less transfer to earned surplus unappropriated	112,000.00
	<u>—0—</u>

Unappropriated:

Balance at January 1, 1953	\$2,372,827.27
Add:	
Net profit for the year	95,980.06
Transfer from earned surplus appropriated	112,000.00
	<u>\$2,580,807.33</u>

Deduct:

Cash dividends declared on preferred stock—\$5.00 per share	27,885.00
Stock dividends paid or declared on common stock:	
5%—10,539 shares at assigned value of \$15.75 per share (in- cludes \$2,588.68 paid in lieu of fractional shares)	168,577.93
2½%—5,299 shares at assigned value of \$12.00 per share (in- cludes \$4,287.72 paid in lieu of fractional shares)	67,875.72
2½%—5,761 shares (maximum) at assigned value of \$12.00 per share payable March 15, 1954	69,132.00
	<u>\$ 333,470.65</u>

EARNED SURPLUS AT DECEMBER 31, 1953 \$2,247,336.68

See notes to financial statements.

AGRON
 ATLANTA
 BALTIMORE
 BIRMINGHAM
 BOSTON
 BUFFALO
 CAMDEN
 CHICAGO
 CHICAGO
 CLEVELAND
 COLUMBUS
 DALLAS
 DAYTON
 DENVER
 DETROIT
 EL PASO
 FORT WORTH
 GREENSBORO
 HOUSTON
 INDIANAPOLIS
 KANSAS CITY
 LOS ANGELES
 LOUISVILLE
 MEMPHIS
 MILWAUKEE
 MINNEAPOLIS

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

CLEVELAND

UNION COMMERCE BUILDING
DELIVERY ZONE 14

NEW ORLEANS
NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND ME
PROVIDENCE
READING
RICHMOND
ROCHESTER
ST LOUIS
ST PAUL
SAN ANTONIO
SAN FRANCISCO
SEATTLE
TOLSON
WASHINGTON
WINSTON SALEM
YOUNGSTOWN

—

TORONTO, CANADA

—

COMMUNICATIONS
LONDON

—

CABLE ADDRESSES
"SERSTAUGHT" IN

In our opinion, the accompanying balance sheet and statements of profit and loss and surplus present fairly the consolidated financial position of The Baker-Raulang Company and subsidiary at December 31, 1953, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernest J. Ernst
Certified Public Accountants

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AN 8 YEAR REVIEW

	1953	1952	1951	1950	1949	1948	1947	1946
Net Sales Billed	***	\$8,157,559.98	\$6,179,839.36	\$3,349,393.99	\$2,977,338.55	\$4,392,949.54	\$5,313,158.41	\$4,247,600.62
Net Before Taxes	***	962,586.43	885,643.34	313,971.27	73,394.45	403,367.94	783,072.66	562,375.20
Federal Taxes	***	590,460.85	523,354.46	126,560.44	25,710.15	157,401.09	301,268.12	215,000.00
Net Income	***	372,125.58	362,288.88	187,410.83	47,684.30	245,966.85	481,804.54	347,375.20
Common Shares Outstanding . . .	***	178,177	80,443	78,243	78,243	78,243	78,243	78,243
Preferred Shares Outstanding . . .	***	5,577	5,943	6,067	6,268	6,275	6,275	6,434
Net Per Common Share Adjusted to shares outstanding December 31 basis.	***	1.93	1.87	.90	.09	1.24	2.60	1.81
Number of Registered Shareholders								
Preferred	***	59	60	64	66	66	69	76
Common	***	533	323	218	220	233	230	276
Book Value—per Common Share . . Adjusted to shares outstanding December 31 basis.	***	18.11	16.81	14.80	13.94	12.81	11.72	9.01
Plant & Equipment—Net	***	1,476,267.56	1,341,997.06	1,338,868.76	1,372,928.39	1,177,148.31	718,485.24	538,052.18
Ratio, Current Assets to Current Liability	***	2.7 to 1	3.3 to 1	4.1 to 1	7.3 to 1	5.1 to 1	4.2 to 1	5.0 to 1
Working Capital	***	3,155,705.18	3,113,878.52	1,900,413.40	2,010,204.52	2,367,557.66	2,119,760.61	1,787,279.15
Dividends Declared Common Stock	**	Stock*	60¢	15¢	10¢	25¢	40¢	20¢

*Two 5% stock dividends paid during 1952.

**Two stock dividends totaling 7½% paid during 1953.

***No 1953 comparison shown because of consolidated return with subsidiary.

CELEBRATING

THE BAKER

100TH

ANNIVERSARY

One of the highlights of Baker-Raulang's 100th anniversary open house was an hour-long broadcast over a local station.



Customers, prospects, distributors and civic officials comprised one audience at Baker's 100th anniversary celebration.

In addition to the prestige gained by celebration of Baker-Raulang's 100th anniversary many tangible results accrued. Literally hundreds of pages of newspaper and magazine publicity as well as window displays of our equipment were achieved nationally. Climaxing the year, on September 16th we held a plant tour and luncheon at noon for over 500 distributors, customers, vendors, stockholders and civic officials. A similar affair in the evening brought our employees and their families to the plant.

Here, employees and their families (who toured the plant at night) see Baker equipment in action.



